



TITLE:

PROBLEMS OF THE DEVELOPING COUNTRIES

AUTHOR(S):

Matsui, Kiyoshi

CITATION:

Matsui, Kiyoshi. PROBLEMS OF THE DEVELOPING COUNTRIES. Kyoto University Economic Review 1964, 34(1): 1-15

ISSUE DATE:

1964-04

URL:

<https://doi.org/10.11179/ker1926.34.1>

RIGHT:

THE KYOTO UNIVERSITY ECONOMIC REVIEW

MEMOIRS OF THE FACULTY OF ECONOMICS
IN THE KYOTO UNIVERSITY

Vol. XXXIV, No. 1

APRIL 1964

Whole No. 76

CONTENTS

Problems of the Developing Countries *Kiyoshi MATSUI* 1

General Conditions of Crisis *Shizui KAMIMURA* 16

**The Transformation of Feudal Landlord
Economy into Capitalism** *Koichi MATSUMURA* 36

PUBLISHED BY

THE FACULTY OF ECONOMICS, KYOTO UNIVERSITY
SAKYO-KU, KYOTO, JAPAN

THE KYOTO UNIVERSITY ECONOMIC REVIEW

MEMOIRS OF THE FACULTY OF ECONOMICS
IN
THE KYOTO UNIVERSITY

VOLUME XXXIV NUMBER 1 (APRIL 1964) WHOLE NUMBER 76

PROBLEMS OF THE DEVELOPING COUNTRIES

By Kiyoshi MATSUI*

I. Economic Feature of Neo-colonialism

So called neo-colonialism in the post Second World War period shows considerably different features compared with that of the pre-war period. Firstly, taking the place of the old colonialistic empires, the U.S.A. has acquired remarkably increased power. To demonstrate this, I should like to show the figures dealing with the export of civil-based long-term capital of various countries¹⁾.

The second features of neo-colonialism is, as Mr. Huang-Chan p'eng of China points out²⁾, that it is not so naked and brutal as the old colonialism and that it has assumed a reformistic style.

Mr. Huang describes its slogans as follows: —

- (1) "Economic Aid" by the "Developed Countries" is necessary for the "Underdeveloped Countries".
- (2) The "Developed Countries", when they offer "Economic Aid", have already abandoned their aim of exploitation.
- (3) "Economic Aid" of the "Developed Countries" is to enable the "Underdeveloped Countries" to achieve their "Independence" by this aid.

* Professor of Economics, Kyoto University.

1) Japan Economic Planning Agency, *White Paper*, 1963, p. 271.

2) *Peking Review*, 5th November, 1963.

International Flow of Private Capital

(million \$)

	1947	1948	1949	1950	1951	1952	1953
U.S.A.	1,185	1,371	1,176	1,591	1,716	1,940	1,312
U.K.						421	506
Total of Continental West Europe							
Belgium				100	30	40	40
Luxemburg							
France							
West Germany							
Holland							7
Switzerland			75.6	85	85	117	141
Grand Total							

	1954	1955	1956	1957	1958	1959	1960
U.S.A.	1,628	1,910	3,436	4,280	3,483	3,293	4,154 ⁱ⁾
U.K.	585	364	557	775	904	888	767
Total of Continental West Europe	874	1,142	1,155	1,026			
Belgium	70	170	160	-150	74	84	52 ⁱⁱ⁾
Luxemburg							
France	490	494	540	457	—	—	—
West Germany	54	61	75	185	271	470	339
Holland	60	157	59	104	250	369	—
Switzerland	200	260	321	131	—	—	—
Grand Total	3,087	3,424	5,148	6,081			

U.N., *The International Flow of Private Capital, 1956-58, 1959-60.*i) *Statistical Abstract of the United States, 1961.*

ii) First halfyear only.

Its ideological symbol is "Underdevelopment Economics", now in vogue in and around the U.S.A. Mr. Huang first cites R. Nurkse as its example³⁾. Among Nurkse's opinions the first remarkable idea is his theory of the "Vicious Circle of Poverty". This means the standard of net income of peoples of the underdeveloped countries is low, and saving ability is commensurately less. The low net income is the result of low productive power, and the latter is mainly due to want of capital. Further, the want of capital is the result of minimal saving ability. The way out of this "Vicious Circle of Poverty" is, according to Nurkse, mobilization of surplus labour in the villages for industry. According to Nurkse's opinion,

3) Nurkse, *Problems of Capital Formation in Underdeveloped Countries*, 1953.

the development of the underdeveloped country is sought in the accumulation of capital inside the nation, a process resembling the so-called "self-reliance" of China. Nevertheless, as one can understand easily, it demands agricultural reform in the interests of the peasants. Moreover, when the capital so accumulated is invested, democratic national planning is necessary. Nurkse does not however mention agricultural reform, and regarding investment he says that it should be left to the free civil enterprises. Nurkse therefore seems to advocate "self-reliance" in outlook, but in his abstract way of thinking it has to rely upon foreign capital after all. In that sense we may argue that it serves U.S. neo-colonialism.

Apart from Nurkse, Myrdal's opinion also can be said to be reformistic. Myrdal is a Swedish social democrat, and he deals accurately with the international inequality produced by the old colonialism⁴). Inequality is held by him to arise from, (1) the results of international trade, the international movement of capital and immigration, (2) the bad influence and legacy of colonialism, (3) lack of a world-wide government.

Nevertheless, when we analyse his recommendations regarding the best way out of this situation of international inequality it becomes clear that they are reformistic. Myrdal certainly emphasises the necessity of promoting nationalism and national economic planning. But national political as well as economic independence in the true sense can not be attained without struggling against foreign imperialism. Myrdal's opinion does not touch upon this struggle against foreign imperialism.

Myrdal thinks that international inequality can be removed by the establishment of proper national economic plans and through international solidarity, just as domestic inequality can be removed by the proper division of social produce—social policy. His views are therefore reformistic in that sense.

Even W.W. Rostow who is thought to be one of the most reactionary bourgeois economists of America puts it plainly⁵). In the twelfth chapter, "main points of foreign aid plan" of the U.S. he writes:

- (a) America should start to put in hand a long-term plan as early as possible, in order to promote the self-sustaining economic growth of the "free world"—the investment standard proposed in this plan may be enough to increase net income per capita by 1.5 to 2 per cent per year, covering all the underdeveloped countries of the free world.
- (b) As a part of this plan the American Government has to offer new

4) G. Myrdal, *Economic Theory and Underdeveloped Regions*, 1957.

5) M.F. Millikan & W.W. Rostow, *A Proposal, Key to an Effective Foreign Policy*, 1957.

long-term capital of about 10,000-12,000 million dollars to be used for a term of five years as grants or loans in order to promote the economic growth of "underdeveloped countries".

- (c) In addition to this amount of capital offered by the U.S., it is necessary to induce the governments of other developed industrial countries to engage that they may increase their grants or loans of 2,000-3,000 million dollars during the same period as a part of a consolidated plan on the part of the free world.
- (d) Some means to enlarge international current of civil capital should be arranged. In the above mentioned ways etc. it may become possible to acquire an amount exceeding the present standard by 2,000-2,500 million dollars in the first five years.
- (e) The above mentioned amount of money should be used by "free world" nations without any trace of military and political strings. But by strict, business-like test standards, it should be guaranteed that the loan or grant can be used effectively and that the loan can be paid back within the proper term.
- (f) If we adopt such a test standard, it is perhaps most unlikely that all the funds offered would be spent. In order to ensure that capital want does not become the bottle-neck of economic growth, the possibility of utilizing all the amount must be guaranteed. It is also necessary to help the Government and peoples of "underdeveloped countries" to gain the ability to utilize the capital most effectively.
- (g) We should establish systematic plans, mobilize stocks of surplus agricultural products and use them for development through the International Food and Textiles Bank. But it should be so planned that the normal markets of the exporting countries are not violated by this supply of food and textile stocks.
- (h) The loans and grants should be carried out by the already existing national or international organizations including the Import-Export Bank and the Colombo Plan Organization. But for the purpose of correlating information, setting up the basic principles and accepting the test standard of investment plans, a new organization should be established.
- (i) In order that American capital used for this plan may work with full efficiency as a stimulating medium for international trade, we should avoid any such act at putting the condition of "Buy American" etc., upon the funds which we offer. Moreover, if we hope to persuade "underdeveloped countries" and other industrialised countries to increase the quantity of trade and to move in the direction of an effective

international division of labour, we have to exert ourselves in relaxing the barriers of our own country towards international trade.

This article shows such provisos as "no military and political string" and "no condition of Buy American". But if it is read carefully, it only exhibits the American position as the leader of neo-colonialism, which can be seen in the following sentences: "We should persuade the Governments of other developed industrial nations as a part of the plans of the free nations and have them engaged about this". Again, in the expression that "by strict and business-like standard of test it should be guaranteed that loans may be paid back", it is confessed that so-called "aid to the under-developed countries" is made in the interests of U.S. imperialism. The diplomatic policies which the U.S. has followed till now and is still following are more remarkable, than the various expressions of words. Neo-colonialism itself is the substantial base of such an ideology.

II. Possibility of Constructing and Developing an Independent National Economy

Marxist Economics which criticize Economics for Underdeveloped Countries do not deny the possibility of constructing and developing an independent national economy. As an example, I should like to mention Prof. Bettelheim's view⁶⁾.

Professor Bettelheim's article recognizes the possibility of development by capitalistic methods through wise management, although with certain limitations. The phrase, certain limitations covers such cases as where a nation which was born as a result of a national independence struggle is corrupted by bourgeoisie and landlords; where discrepancy of interests between these classes makes adjustment of a development plan difficult, and where the remnants of old relations of production makes the domestic market narrow.

So Bettelheim cites anti-imperialistic, anti-feudalistic struggles as the condition for constructing an independent national economy.

The contents of a development plan under such conditions are as follows: —

1. Long-term Plan of Economic Development

This economic plan, natural as it is under the capitalistic method of production, is not of a compulsory but of a guiding nature.

- (i) Investment should be adjusted to development standards of productive power and necessary consuming standards as much as possible. (It is

6) C.B. Bettelheim, "*Wachstumsprobleme der wirtschaftlich schwachentwickelten Länder*", *Wirtschaftswissenschaft*, Jg. 8, H. 5, 1960.

hoped that the rate of investment may be raised to approximately 18-25% of the national income).

- (ii) Various kinds of investment should be so adjusted that the maximum effect may be expected. (The rate of investment effect is hoped to be raised to 40-50%).
- (iii) According to the process of industrialization, the economic structure should be modified. Import of capital goods is necessary, but difficulty in the balance of international trade should be avoided.

2. Control of Investment

National control over investment is necessary.

3. Adjustment of Economic Relations with Foreign Nations

- (i) Controlled system of import and export. Import of material useful for economic development. Export of such materials as are unnecessary for economic development and can earn foreign exchange.
- (ii) Incoming of foreign capital
Out flow of profit should be properly adjusted.

4. Development of Public Sector

In the most of the newly emerging countries, the nation itself undertakes certain investment in order to develop the public sector.

Development of the public sector implies the following: —

- (i) The Nation itself takes up such investment plans and production plans as private capitalistic enterprises avoid because of small profits and danger in investment.
- (ii) National organization is used in order to re-divide one part of national savings.

5. Concentration of Part of Capital Accumulation to the Nation

Development of the public sector looks like socialism, but actually it is only a policy to achieve an accumulation rate which surpasses the limit of private capitalism in the condition of an underdeveloped country.

6. Agricultural Reform

In the newly emerging nations, feudalistic relations of land ownership still remain. To remove this and to make capitalistic economic development possible, agricultural reform is necessary.

- (i) Breaking of feudalistic land ownership.
- (ii) Fixing rent ceilings.

7. Various Methods for Improving Agricultural Technique

Prof. Bettelheim's view is as above. As is often said, revolution cannot be exported and should not be exported.

The kind of production pattern and the kind of social system to be adopted is a thing which should be decided by the peoples of every nation

themselves.

Therefore I infer that Bettelheim shows the possibility of economic development even through the way of capitalism, although he recognizes certain limits there. When the people come to know the limits of development through the way of capitalism, people begin to have an inclination towards socialism.

The conditions of development which Prof. Bettelheim gives are rather abstract. And the political, economic and cultural conditions of nations situated in Asia, Africa and Latin America are various. Therefore the concrete methods for the development of every nation would be different for each nation. When concrete methods are sought, Bettelheim's article would be worth consulting.

III. The Relation between Self-reliance and Economic Co-operation

The newly emerging nations, after achieving victory in national liberation struggles and winning the political independence of their own nations, have to start national construction and break through the poverty and underdeveloped status which were brought about by long years of colonial rule. Their economic construction has to be done mainly through their own exertion. Economic co-operation with foreign nations is necessary but it is, in every sense, only a subordinate method to self reliance. Ideas in regard to the relation between self-reliance and economic co-operation are the valued lessons which China learned from her 15 years' experience of socialist construction which involved various difficulties and sufferings. These teachings have been expressed in the form of "eight principles" which Prime Minister Chou En-lai stated clearly during his travels in Africa and Asia in 1964.

(1) The Government of China has constantly been giving aid to countries abroad, based on the principle of equality and mutual benefit. The Government of China never thought of such aid as a kind of one sided present, and thinks that aid is always of a reciprocal nature and is useful for economic co-operation.

(2) The Government of China, when it gives aid to the countries abroad, respects the sovereignty of the recipient country, makes no conditions and requests no privileges.

(3) The Government of China gives economic aid in the form of interest free or low interest loans, and, if it is necessary, postpones the date of repayment and makes the burden of the country receiving aid less.

(4) The aim of the Government of China in giving aid to countries abroad is not to make the countries receiving aid rely upon China, but to

ensure that the countries receiving aid may become able to walk on the path of self help, independence and development in the economic field.

(5) In regard to items which the Government of China gives as aid and constructs for the countries receiving aid, the principle is as follows:—

Early effects can be attained with investment as small as possible. The governments of the countries receiving aid can increase their income through them and can accumulate capital.

(6) The Government of China offers the best plants and materials which China can produce, and the prices are decided according to those of the international market. When the plants and materials offered by the Government of China do not coincide with the scales and qualities contracted, the Government of China asks for these things to be sent back or guarantees to exchange them.

(7) The Government of China, when it gives technical aid to countries abroad, guarantees to make the representatives of the countries receiving aid learn the technique fully.

(8) The experts whom the Government of China sends out to assist the construction of the country receiving aid receive the same material treatment as the experts of the country receiving aid, and no special request nor special treatment is permitted.

The foundation of these eight principles is that, when a newly emerging nation tries to construct her own independent national economy, the fundamental way is “self-reliance”, and that economic aid from foreign countries is, after all, only a subordinate element.

If one concludes from this way of thinking that China claims autarchy or that China denies the international division of labour, it would be a grave mistake. We are not discussing the old production pattern of the pre-capitalistic period. After the establishment of a capitalist economy, there cannot be national economy without foreign trade. What China tries to emphasize is that the foundation a national economic construction should be based upon the domestic market through “self-reliance”, at any cost, and that, if this basic direction is taken, foreign trade will never decrease but rather increase by the development of the productive power of the national economy. On the contrary, if “self-reliance” is neglected and the nation relies upon foreign aid, what kind of situation would result? Under the old colonial rule, what was left for the colonies as the result of so called “free trade” was only a skeleton industry producing the raw materials necessary for the suzerain country, and those colonies became the deformed, so called ‘mono-culture’ lands. Examples are seen in the tin and rubber economy of Malaya. Contrary to this, self-reliance makes the well balanced

development of industry and agriculture possible.

When we reflect upon the history of political economy, we can find that national economy occupied the centre of the ideas of Adam Smith, and on the basis of national economy the economic development was thought out. As is widely known, Adam Smith advocated free trade, but the free trade which he supported was that which is based upon the development of national economy, and contained no inconsistency with the so called self-reliance of today.

We may safely say that it was after David Ricardo that the theory of free trade came to be inconsistent with self-reliance. Ricardo's famous theory of comparative producing cost is summarised as follows:—

When the free trade policy is adopted, each country finds its course in specialization in such sectors as are of comparatively high productivity, therefore of cheap comparative producing cost. So, productivity, as a whole, becomes high, social production increases and in the end the net income of each individual increases.

But, the real result which was brought about by free trade based upon this theory of comparative producing cost was only misery as seen in above-mentioned case of Malaya. It is because this kind of free trade means only the international division of labour without national economy—domestic market; viz., if we take the Chinese way of expression, it is the international division of labour neglecting “self-reliance”. From the joint of view of Marxist economics, since a socialist world market has been established as a result of the Second World War and other economic co-operation has been started between the socialist countries, the relation between the socialist economic construction inside the country and the socialist international division of labour has began to be discussed theoretically. The Chinese way of thinking, that “self-reliance” is the basis and international co-operation can work as the subordinate factor, is based upon the fundamental standpoint of Marxism.

Nevertheless, even among the economic writings of the socialist countries, some opinions can be seen that depart from this fundamental standpoint. For example there is an article which, although it takes up the theory of comparative producing cost of Ricardo and criticizes it, is apt to forget the existence of national economy and emphasise only the effects of international division of labour caused by the gap in comparative producing costs. Yet this cannot be a real criticism of Ricardo, but a drop into the pit of circulation theory. Again, there is an article treating the world market, which neglects the social and economic contents of each national economy which constitutes the world market and asserts the un-

conditional integral nature of the world market. This comes from idea of "one world market", and such a view also ought to be called circulation theory, being remote from the fundamental principle of Marxism.

The principle that the construction of each nations' economy should be based upon "self-reliance" never does deny, as I mentioned before, trade and other international co-operation. Even between countries with different social systems, trade and other international co-operation is possible and advantageous. But in that case, conditions are necessary, and the Bandung Principles and the eight principles which China recently published are exactly the conditions. In order that each country trading may get advantage from the trade, the fundamental principles of equality, mutual profit and non-intervention into domestic affairs should be respected.

The actual results brought about by the unlimited free trade advocated by Ricardo's theory were stabilization of industrial countries and agricultural countries, and unequal relations. Trade based on such unequal relations gives advantage only to the industrial countries and is against the principle of mutual profit. Moreover, the industrial countries often try to prevent industrialization of agricultural countries for the sake of preserving their own advantage, breaking the fundamental principle of non-intervention in domestic affairs.

IV. Trade Relations between Japan and China

Although the countries situated in Asia and Africa have different social and economic systems, if the above mentioned fundamental principles of equality, mutual profit and non-intervention in domestic affairs are respected, they can enlarge their trade and enjoy the advantage thereof. As an example I should like to comment on the recent trade relations between Japan and China. Japan is a highly-developed capitalistic country and China is a socialist country, so social and economic systems are different. But it was not due to the differences in social and economic systems that the development of Japan-China trade was prevented after the Second World War. It was because political situation of the world prevented the establishment of friendly relations which were based on equality, mutual profit and non-intervention in domestic affairs.

Nevertheless, friendly relations began to be restored gradually mainly because of the earnest desire of the peoples of the countries. Accompanying this, trade also began to increase⁷⁾. From May 1958 Japan-China trade was in an interrupted status, but after the turning point of August 1960

7) Japan Ministry of International Trade and Industry, *White Paper*, 1963, p. 589.

when "Three Fundamental Principles Regarding Trade with Japan" were published from China, individual civil contracts and transactions began to be entered into. After Chinese Export Commodities Fair (in Guan Zhou) of April 1961 and October 1961, the amount of trade between Japan and China began to increase by the rate of \$23 million in 1960, \$48 million in 1961, \$85 million in 1962, and \$138 million in 1963, giving the expectation of \$200 million in 1964.

I would like to have a glance at the commodity breakdown of export and import of Japan-China trade, taking the example of 1962. In regard to export mainly such commodities as textiles (artificial fibres, etc.), chemical goods (urea, etc.) metals and machinery, etc. showed a remarkable increase over the year before. Regarding imports, although pig-iron decreased owing to economic conditions in Japan, raw materials and fuel—soya bean, salt and high-calorie coking coal—which account for more than 60% to total import amount are basic commodities and show big increases

Structure of Import and Export Goods between Japan and China in 1962
(\$1,000)

Export		Import	
Grand total	38,460	Grand total	46,020
Foods	6	Foods	8,297
Raw materials and fuel	340	Raw materials	27,545
		Mineral fuel	2,485
Textiles	14,203	Chemical goods	1,061
Non-metallic mine products	7	Others	6,632
Chemical goods	8,852		
Metals	11,150		
Machinery	1,606		
Others	2,296		

The so-called LT trade entered into by the agreement between Mr. Liao Chêng-chih of China and late Mr. Tatsunosuke Takasaki envisaged an amount of 500 million dollars during five years, but in this year (the second year of the agreement) has come to face the necessity for large-scale adjustment. And what is the future for the further development of Japan-China trade? I should like to take this opportunity to allude to it. According to opinions held in some Japanese economic circles there are many commodities

which can be exported from Japan to China, but there are fewes collateral goods to be imported from China. Thus difficulty in balancing exports and imports prevents us from enlarging Japan-China trade. They say:— In the pre-war period Japan used to import vast amounts of such goods as iron-ore, coal, soya beans and salt, etc. at advantageous prices regarding freight rates etc. But, nowadays, there are problems regarding their quality, and when we take quality into consideration their prices can not always be said to be cheap.

The reason for this is variously discussed. In my opinion it may be counted as one of the important reasons why a long-term trade agreement has not yet been entered into. It can naturally be assumed that because of this defect China may find it difficult to carry out plant investment and quality improvement. Apart from such technical points, the socialist countries are generally based on planned economy, which needs long-term agreements about trade. If the country of one part were, to recognize and respect the stand-point of the country of the other part, it would be natural for Japan to respond to the request for a long-term trade agreement. And it coincides with Japanese interests, too.

The main reason why Japan has been hesitating about having a long-term trade agreement with China should be attributed, in sorry fact, to unfriendly policies pursued by the Japanese Government toward China. But the situation is gradually moving in the direction of improvement. As the result of the visit to China by the Matsumura Mission this year a prospect of establishing liaison offices in Tokyo and Peking respectively began to open, mutual understanding was also reached on the exchange of pressmen, and the problems of mutual extension of air lines are, too, to be negotiated further. The third year agreement of LT trade is to be entered into and signed in September this year in Tokyo and as for the export of fertilizer and import of iron-ore and coal also, the possibility to reach a long-term agreement is becoming stronger. Therefore we may safely say that the earnest hope of the Japanese people to extend economic co-operative relations with Afro-Asian countries on the basis of the Bandung Principles is having gradually larger influence and is changing the policy of Japan.

V. Trading Relations between Japan and Africa

According to the White Paper issued by the Government of Japan, trade between Japan and Africa in 1962 showed a figure of 335 million dollars of export, a decrease by 12% in comparison with the year before, and 218 million dollars of import, an increase of 15%. Decrease of exports is due to diminished numbers of ships to be sent to Liberia (a decreased from 96

million dollars in the year before to 48 million dollars in 1962; a decrease by 61% from the year before).

In regard to export excepting ships to Liberia, the figure continues to maintain the same standard as the years before, viz. 287 million dollars. Speaking of the export commodities individually, textiles still show the absolute figure, yet it decreased by 2.6% in comparison with year before. Even if we take the special situation of 1962 into consideration, still this tendency seems to show the direction of Japan-Africa trade in the future. On the other hand, machinery shows an increase of 48%, being supported by the development of exports of electric machinery and motor-cars. As a result the amount of machinery involved in exports to Africa has increased from 8.5% of the previous year to 13%. Other than this, metallic goods principally steel, increased by 11%. Therefore we may safely say that Japanese trade with Africa, just like that with Asia, is gradually changing its pattern from the goods of light industry centering textiles to the products of the heavy-chemical industry. This may, according to my private opinion, be due to the fact that African newly emerging countries also are trying to carry out industrialization in order to construct independent national economics and as a result the demands for the goods of the heavy-chemical industry are increasing.

As for import, foods like Indian corn and cocoa beans increased by 89%, and among the metallic materials iron and steel-scrap increased considerably. Other than these phosphate ore, pig-iron, compound metal of copper and various kinds of seed for oil, etc. showed individual increases. In this structure of import commodities, the most part is still occupied by primitive products like foods and raw materials, etc. In my private opinion, this situation may undergo changes according to the development of industrialization in newly emerging countries, so it should not be taken to be of a permanent nature. Therefore, in my private opinion, it is better to encourage Japanese export to co-operate positively for the industrialization of newly emerging countries. And I recognize this possibility in the fact that the present day structure of export goods of my country is shifting its weight to the goods of the heavy-chemical industry.

In regard to the structure of export markets, the Republic of South Africa, the Federation of Rhodesia and Nyasaland, ex-British colonies of East Africa, Morocco and Congo show increases, the Sudan, Ethiopia and Sierra Leone show a more or less constant figure, and Egypt, Nigeria, Ghana and Liberia show decreases. The four top rank countries engaged in Japan to Africa export (excepting ships for Liberia) is as follows:— Republic of South Africa: 21% (17% in 1961), the ex-British colonies of

East Africa: 15% (13%). So both these countries showed increases as compared to the year before. On the other hand, Nigeria is 6.5% (9.3%), Ghana is 6.5% (9.3%)—each showed a decrease.

In this list of import markets, ex-British Africa has 11%, Sudan 6%, Ghana 6% and Republic of South Africa 4%. It should be a matter of discussion that the countries which were formerly British colonies show considerable weight regarding export as well as import. Especially the fact that the Republic of South Africa occupies the position of first rank in Japanese exports to Africa should be read with due attention. The Republic of South Africa, as is widely known, is committing shameful apartheid. The fact that the export to this country occupies first place in Japanese exports to Africa and that the Japanese Government is co-operating to maintain the power of apartheid in South Africa through trade brought about the anger of African people. This is clearly against Bandung Principles in regard to economic co-operation. If such policies are not amended, the development of our trade to Africa which is finding out colourful opportunities will encounter difficulties.

Prime Minister Chou En-lai, together with Vice-Prime cum Minister for External Affairs Chên yi paid their first public visits as leaders of China to U.A.R., Algeria, Morocco, Tunisia, Ghana, Mali, Guinea, Sudan, Ethiopia and Somalia from December 1963 to February 1964. The reports of the west state that "there was no concrete results", but they were in fact "visits to further friendship, to strengthen unity and to fortify peace"—I have the honour to cite the "People's Daily" of China—, therefore even if a concrete result has not been attained at the present moment still without doubt the great concrete result would come out in future.

I say this because of the fact that the above mentioned eight principles regarding economic co-operation were published in an interview with pressmen at Accra, capital of Ghana, on 15th January; and thereafter came to be contained in the joint-communique with Republic of Mali. When such principles are realized, economic co-operation between China and Africa, especially in trade, is expected to undergo big expansion in the near future. The trading relation between China and African countries developed rapidly since 1963 and reached 100 million dollars in total in both directions. At the present moment it is far smaller as compared with Japanese trade to Africa which surpasses 500 million dollars in total in both directions, but it cannot be thought that this situation could continue unchanged. The situations expected are development of Chinese trade to Africa and recession of Japanese trade to Africa. The policy indicated for Japan to avoid realization of such expectation and to bring about the development

of trade with Africa would be simply to come back to Bandung Principles, together with China and other Afro-Asian countries. Therefore, seen from the economic point of view, there is enough possibility of co-operation.

—Note—

This paper was offered for the economic seminar held from 15th June, 1964 at Pyongyang, Democratic Peoples' Republic of Korea, which I could not attend because of illness. Translated from Japanese into English by the Japanese Economic Committee for Afro-Asian Solidarity.